Mr. Speaker, I just want to put into the RECORD the plight of two students in the Barbers Hill Independent School District in my State where these two outstanding students, athletes, good academic students, were humiliated because their tradition was to wear dreadlocks, and they were suspended. And one or maybe two of them were not able to walk with their class. Humiliation. Discrimination that never got corrected. So today, for them we correct it. DeAndre Arnold, we correct it. We acknowledge that you deserve your civil rights.

Mr. Speaker, I urge the House to pass H.R. 5309, and I yield back the balance of my time.

GENERAL LEAVE

Ms. JACKSON LEE. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to revise and extend their remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Texas?

There was no objection.

Ms. FUDGE. Mr. Speaker, I rise today in support of H.R. 5309, the Creating a Respectful and Open World for Natural Hair Act—also known as the C.R.O.W.N. Act.

Too often African Americans are required to meet unreasonable standards of grooming in the workplace and in the classroom with respect to our hair. Most of those standards are cultural norms that coincide with the texture and style of Black hair.

In 2014, my Congressional Black Caucus colleagues and I successfully pushed the U.S. military to reverse its rules classifying hairstyles often worn by female soldiers of color as ''unauthorized''. The military's regulation used words like ''unkempt'' and ''matted'' when referring to traditional African American hairstyles.

To require anyone to change their natural appearance to further their career or education is a clear violation of their civil rights.

A 2019 study by Dove found Black women are 30 percent more likely to receive a formal grooming policy in the workplace. Black women are also 1.5 times more likely to report being forced to leave work or know of a Black woman who was forced to leave work because of her hair.

This is unacceptable.

Seven states agree, including California, New York, New Jersey, Virginia, Colorado, Washington, and Maryland. All have enacted laws banning racial hair discrimination. It is past time we ban the practice at the federal level.

The CROWN Act does that—by federally prohibiting discrimination based on hair styles and hair textures commonly associated with a particular race or national origin.

I was proud to introduce this bill with my friend Congressman RICHMOND, which ensures African Americans no longer have to be afraid to show up to work or the classroom as anything other than who they are.

I urge my colleagues to vote in favor of the CROWN Act.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Texas (Ms. JACKSON LEE) that the House suspend the rules and pass the bill, H.R. 5309, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Ms. Wanda Neiman, one of his secretaries.

□ 1600

ENSURING DIVERSITY IN COMMUNITY BANKING ACT OF 2019

Mr. SHERMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 5322) to establish or modify requirements relating to minority depository institutions, community development financial institutions, and impact banks, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 5322

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Ensuring Diversity in Community Banking Act''.

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

SEC. 2. SENSE OF CONGRESS ON FUNDING THE LOAN-LOSS RESERVE FUND FOR SMALL DOLLAR LOANS.

The sense of Congress is the following:

(1) The Community Development Financial Institutions Fund (the ''CDFI Fund'') is an agency of the Department of the Treasury, and was established by the Riegle Community Development and Regulatory Improvement Act of 1994. The mission of the CDFI Fund is ''to expand economic opportunity for underserved people and communities by supporting the growth and capacity of a national network of community development lenders, investors, and financial service providers''. A community development financial institution (a ''CDFI'') is a specialized financial institution serving low-income communities and a Community Development Entity (a ''CDE'') is a domestic corporation or partnership that is an intermediary vehicle for the provision of loans, investments, or financial counseling in low-income communities. The CDFI Fund certifies CDFIs and CDEs. Becoming a certified CDFI or CDE allows organizations to participate in various CDFI Fund programs as follows:

(A) The Bank Enterprise Award Program, which provides FDIC-insured depository institutions awards for a demonstrated increase in lending and investments in distressed communities and CDFIs.

(B) The CDFI Program, which provides Financial and Technical Assistance awards to CDFIs to reinvest in the CDFI, and to build the capacity of the CDFI, including financing product development and loan loss reserves.

(C) The Native American CDFI Assistance Program, which provides CDFIs and sponsoring entities Financial and Technical Assistance awards to increase lending and grow the number of CDFIs owned by Native Americans to help build capacity of such CDFIs.

(D) The New Market Tax Credit Program, which provides tax credits for making equity investments in CDEs that stimulate capital investments in low-income communities.

(E) The Capital Magnet Fund, which provides awards to CDFIs and nonprofit affordable housing organizations to finance affordable housing solutions and related economic development activities.

(F) The Bond Guarantee Program, a source of long-term, patient capital for CDFIs to expand lending and investment capacity for community and economic development purposes.

(2) The Department of the Treasury is authorized to create multi-year grant programs designed to encourage low-to-moderate income individuals to establish accounts at federally insured banks, and to improve low-to-moderate income individuals' access to such accounts on reasonable terms.

(3) Under this authority, grants to participants in CDFI Fund programs may be used for loan-loss reserves and to establish small-dollar loan programs by subsidizing related losses. These grants also allow for the providing recipients with the financial counseling and education necessary to conduct transactions and manage their accounts. These loans provide low-cost alternatives to payday loans and other nontraditional forms of financing that often impose excessive interest rates and fees on borrowers, and lead millions of Americans to fall into debt traps. Small-dollar loans can only be made pursuant to terms, conditions, and practices that are reasonable for the individual consumer obtaining the loan.

(4) Program participation is restricted to eligible institutions, which are limited to organizations listed in section 501(c)(3) of the Internal Revenue Code and exempt from tax under 501(a) of such Code, federally insured depository institutions, community development financial institutions and State, local, or Tribal government entities.

(5) Since its founding, the CDFI Fund has awarded over $3,300,000,000 to CDFIs and CDEs, allocated $54,000,000,000 in tax credits,

and $1,510,000,000 in bond guarantees. According to the CDFI Fund, some programs attract as much as $10 in private capital for every $1 invested by the CDFI Fund. The Administration and the Congress should prioritize appropriation of funds for the loan loss reserve fund and technical assistance programs administered by the Community Development Financial Institution Fund.

SEC. 3. DEFINITIONS.

In this Act:

(1) COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION.—The term ''community development financial institution'' has the meaning given under section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994 (12 U.S.C. 4702).

(2) MINORITY DEPOSITORY INSTITUTION.—The term ''minority depository institution'' has the meaning given under section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note), as amended by this Act.

SEC. 4. INCLUSION OF WOMEN'S BANKS IN THE DEFINITION OF MINORITY DEPOSITORY INSTITUTION.

Section 308(b)(1) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended—

(1) by redesignating subparagraphs (A), (B), and (C) as clauses (i), (ii), and (iii), respectively;

(2) by striking ''means any'' and inserting the following: ''means—

''(A) any''; and

(3) in clause (iii) (as so redesignated), by striking the period at the end and inserting ''; or''; and

(4) by inserting at the end the following new subparagraph:

''(B) any bank described in clause (i), (ii), or (iii) of section 19(b)(1)(A) of the Federal Reserve Act—

''(i) more than 50 percent of the outstanding shares of which are held by 1 or more women; and

''(ii) the majority of the directors on the board of directors of which are women.''.

SEC. 5. ESTABLISHMENT OF IMPACT BANK DESIGNATION.

(a) IN GENERAL.—Each Federal banking agency shall establish a program under which a depository institution with total consolidated assets of less than $10,000,000,000 may elect to be designated as an impact bank if the total dollar value of the loans extended by such depository institution to low-income borrowers is greater than or equal to 50 percent of the assets of such bank.

(b) NOTIFICATION OF ELIGIBILITY.—Based on data obtained through examinations of depository institutions, the appropriate Federal banking agency shall notify a depository institution if the institution is eligible to be designated as an impact bank.

(c) APPLICATION.—Regardless of whether or not it has received a notice of eligibility under subsection (b), a depository institution may submit an application to the appropriate Federal banking agency—

(1) requesting to be designated as an impact bank; and

(2) demonstrating that the depository institution meets the applicable qualifications.

(d) LIMITATION ON ADDITIONAL DATA REQUIREMENTS.—The Federal banking agencies may only impose additional data collection requirements on a depository institution under this section if such data is—

(1) necessary to process an application submitted by the depository institution to be designated an impact bank; or

(2) with respect to a depository institution that is designated as an impact bank, necessary to ensure the depository institution's ongoing qualifications to maintain such designation.

(e) REMOVAL OF DESIGNATION.—If the appropriate Federal banking agency determines that a depository institution designated as an impact bank no longer meets the criteria for such designation, the appropriate Federal banking agency shall rescind the designation and notify the depository institution of such rescission.

(f) RECONSIDERATION OF DESIGNATION; APPEALS.—Under such procedures as the Federal banking agencies may establish, a depository institution may—

(1) submit to the appropriate Federal banking agency a request to reconsider a determination that such depository institution no longer meets the criteria for the designation; or

(2) file an appeal of such determination.

(g) RULEMAKING.—Not later than 1 year after the date of the enactment of this Act, the Federal banking agencies shall jointly issue rules to carry out the requirements of this section, including by providing a definition of a low-income borrower.

(h) REPORTS.—Each Federal banking agency shall submit an annual report to the Congress containing a description of actions taken to carry out this section.

(i) FEDERAL DEPOSIT INSURANCE ACT DEFINITIONS.—In this section, the terms ''depository institution'', ''appropriate Federal banking agency'', and ''Federal banking agency'' have the meanings given such terms, respectively, in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

SEC. 6. MINORITY DEPOSITORIES ADVISORY COMMITTEES.

(a) ESTABLISHMENT.—Each covered regulator shall establish an advisory committee to be called the ''Minority Depositories Advisory Committee''.

(b) DUTIES.—Each Minority Depositories Advisory Committee shall provide advice to the respective covered regulator on meeting the goals established by section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) to preserve the present number of covered minority institutions, preserve the minority character of minority-owned institutions in cases involving mergers or acquisitions, provide technical assistance, and encourage the creation of new covered minority institutions. The scope of the work of each such Minority Depositories Advisory Committee shall include an assessment of the current condition of covered minority institutions, what regulatory changes or other steps the respective agencies may be able to take to fulfill the requirements of such section 308, and other issues of concern to covered minority institutions.

(c) MEMBERSHIP.—

(1) IN GENERAL.—Each Minority Depositories Advisory Committee shall consist of no more than 10 members, who—

(A) shall serve for one two-year term;

(B) shall serve as a representative of a depository institution or an insured credit union with respect to which the respective covered regulator is the covered regulator of such depository institution or insured credit union; and

(C) shall not receive pay by reason of their service on the advisory committee, but may receive travel or transportation expenses in accordance with section 5703 of title 5, United States Code.

(2) DIVERSITY.—To the extent practicable, each covered regulator shall ensure that the members of the Minority Depositories Advisory Committee of such agency reflect the diversity of covered minority institutions.

(d) MEETINGS.—

(1) IN GENERAL.—Each Minority Depositories Advisory Committee shall meet not less frequently than twice each year.

(2) NOTICE AND INVITATIONS.—Each Minority Depositories Advisory Committee shall—

(A) notify the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate in advance of each meeting of the Minority Depositories Advisory Committee; and

(B) invite the attendance at each meeting of the Minority Depositories Advisory Committee of—

(i) one member of the majority party and one member of the minority party of the Committee on Financial Services of the House of Representatives and the Committee on Banking, Housing, and Urban Affairs of the Senate; and

(ii) one member of the majority party and one member of the minority party of any relevant subcommittees of such committees.

(e) NO TERMINATION OF ADVISORY COMMITTEES.—The termination requirements under section 14 of the Federal Advisory Committee Act (5 U.S.C. app.) shall not apply to a Minority Depositories Advisory Committee established pursuant to this section.

(f) DEFINITIONS.—In this section:

(1) COVERED REGULATOR.—The term ''covered regulator'' means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

(2) COVERED MINORITY INSTITUTION.—The term ''covered minority institution'' means a minority depository institution (as defined in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note)).

(3) DEPOSITORY INSTITUTION.—The term ''depository institution'' has the meaning given under section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

(4) INSURED CREDIT UNION.—The term ''insured credit union'' has the meaning given in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

(g) TECHNICAL AMENDMENT.—Section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended by adding at the end the following new paragraph:

''(3) DEPOSITORY INSTITUTION.—The term 'depository institution' means an 'insured depository institution' (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) and an insured credit union (as defined in section 101 of the Federal Credit Union Act (12 U.S.C. 1752)).''.

SEC. 7. FEDERAL DEPOSITS IN MINORITY DEPOSITORY INSTITUTIONS.

(a) IN GENERAL.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended—

(1) by adding at the end the following new subsection:

''(d) FEDERAL DEPOSITS.—The Secretary of the Treasury shall ensure that deposits made by Federal agencies in minority depository institutions and impact banks are collateralized or insured, as determined by the Secretary. Such deposits shall include reciprocal deposits as defined in section 337.6(e)(2)(v) of title 12, Code of Federal Regulations (as in effect on March 6, 2019).''; and

(2) in subsection (b), as amended by section 6(g), by adding at the end the following new paragraph:

''(4) IMPACT BANK.—The term 'impact bank' means a depository institution designated by the appropriate Federal banking agency pursuant to section 5 of the Ensuring Diversity in Community Banking Act.''.

(b) TECHNICAL AMENDMENTS.—Section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note) is amended—

(1) in the matter preceding paragraph (1), by striking ''section—'' and inserting ''section:''; and

(2) in the paragraph heading for paragraph (1), by striking ''FINANCIAL'' and inserting ''DEPOSITORY''.

SEC. 8. MINORITY BANK DEPOSIT PROGRAM.

(a) IN GENERAL.—Section 1204 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1811 note) is amended to read as follows:

''SEC. 1204. EXPANSION OF USE OF MINORITY DEPOSITORY INSTITUTIONS.

''(a) MINORITY BANK DEPOSIT PROGRAM.—

''(1) ESTABLISHMENT.—There is established a program to be known as the 'Minority Bank Deposit Program' to expand the use of minority depository institutions.

''(2) ADMINISTRATION.—The Secretary of the Treasury, acting through the Fiscal Service, shall—

''(A) on application by a depository institution or credit union, certify whether such depository institution or credit union is a minority depository institution;

''(B) maintain and publish a list of all depository institutions and credit unions that have been certified pursuant to subparagraph (A); and

''(C) periodically distribute the list described in subparagraph (B) to—

''(i) all Federal departments and agencies;

''(ii) interested State and local governments; and

''(iii) interested private sector companies.

''(3) INCLUSION OF CERTAIN ENTITIES ON LIST.—A depository institution or credit union that, on the date of the enactment of this section, has a current certification from the Secretary of the Treasury stating that such depository institution or credit union is a minority depository institution shall be included on the list described under paragraph (2)(B).

''(b) EXPANDED USE AMONG FEDERAL DEPARTMENTS AND AGENCIES.—

''(1) IN GENERAL.—Not later than 1 year after the establishment of the program described in subsection (a), the head of each Federal department or agency shall develop and implement standards and procedures to prioritize, to the maximum extent possible as permitted by law and consistent with principles of sound financial management, the use of minority depository institutions to hold the deposits of each such department or agency.

''(2) REPORT TO CONGRESS.—Not later than 2 years after the establishment of the program described in subsection (a), and annually thereafter, the head of each Federal department or agency shall submit to Congress a report on the actions taken to increase the use of minority depository institutions to hold the deposits of each such department or agency.

''(c) DEFINITIONS.—For purposes of this section:

''(1) CREDIT UNION.—The term 'credit union' has the meaning given the term 'insured credit union' in section 101 of the Federal Credit Union Act (12 U.S.C. 1752).

''(2) DEPOSITORY INSTITUTION.—The term 'depository institution' has the meaning given in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813).

''(3) MINORITY DEPOSITORY INSTITUTION.—The term 'minority depository institution' has the meaning given that term under section 308 of this Act.''.

(b) CONFORMING AMENDMENTS.—The following provisions are amended by striking ''1204(c)(3)'' and inserting ''1204(c)'':

(1) Section 808(b)(3) of the Community Reinvestment Act of 1977 (12 U.S.C. 2907(b)(3)).

(2) Section 40(g)(1)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1831q(g)(1)(B)).

(3) Section 704B(h)(4) of the Equal Credit Opportunity Act (15 U.S.C. 1691c–2(h)(4)).

SEC. 9. DIVERSITY REPORT AND BEST PRACTICES.

(a) ANNUAL REPORT.—Each covered regulator shall submit to Congress an annual report on diversity including the following:

(1) Data, based on voluntary self-identification, on the racial, ethnic, and gender composition of the examiners of each covered regulator, disaggregated by length of time served as an examiner.

(2) The status of any examiners of covered regulators, based on voluntary self-identification, as a veteran.

(3) Whether any covered regulator, as of the date on which the report required under this section is submitted, has adopted a policy, plan, or strategy to promote racial, ethnic, and gender diversity among examiners of the covered regulator.

(4) Whether any special training is developed and provided for examiners related specifically to working with depository institutions and credit unions that serve communities that are predominantly minorities, low income, or rural, and the key focus of such training.

(b) BEST PRACTICES.—Each Office of Minority and Women Inclusion of a covered regulator shall develop, provide to the head of the covered regulator, and make publicly available best practices—

(1) for increasing the diversity of candidates applying for examiner positions, including through outreach efforts to recruit diverse candidate to apply for entry-level examiner positions; and

(2) for retaining and providing fair consideration for promotions within the examiner staff for purposes of achieving diversity among examiners.

(c) COVERED REGULATOR DEFINED.—In this section, the term ''covered regulator'' means the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, and the National Credit Union Administration.

SEC. 10. INVESTMENTS IN MINORITY DEPOSITORY INSTITUTIONS AND IMPACT BANKS.

(a) CONTROL FOR CERTAIN INSTITUTIONS.—Section 7(j)(8)(B) of the Federal Deposit Insurance Act (12 U.S.C. 1817(j)(8)(B)) is amended to read as follows:

''(B) 'control' means the power, directly or indirectly—

''(i) to direct the management or policies of an insured depository institution; or

''(ii)(I) with respect to an insured depository institution, of a person to vote 25 per centum or more of any class of voting securities of such institution; or

''(II) with respect to an insured depository institution that is an impact bank (as designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act) or a minority depository institution (as defined in section 308(b) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989), of an individual to vote 30 percent or more of any class of voting securities of such an impact bank or a minority depository institution.''.

(b) RULEMAKING.—The Federal banking agencies (as defined in section 3 of the Federal Deposit Insurance Act (12 U.S.C. 1813)) shall jointly issue rules for de novo minority depository institutions and de novo impact banks (as designated pursuant to section 5) to allow 3 years to meet the capital requirements otherwise applicable to minority depository institutions and impact banks.

(c) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Federal banking agencies shall jointly submit to Congress a report on—

(1) the principal causes for the low number of de novo minority depository institutions during the 10-year period preceding the date of the report;

(2) the main challenges to the creation of de novo minority depository institutions and de novo impact banks; and

(3) regulatory and legislative considerations to promote the establishment of de novo minority depository institutions and de novo impact banks.

SEC. 11. REPORT ON COVERED MENTOR-PROTEGE PROGRAMS.

(a) REPORT.—Not later than 6 months after the date of the enactment of this Act and annually thereafter, the Secretary of the Treasury shall submit to Congress a report on participants in a covered mentor-protege program, including—

(1) an analysis of outcomes of such program;

(2) the number of minority depository institutions that are eligible to participate in such program but do not have large financial institution mentors; and

(3) recommendations for how to match such minority depository institutions with large financial institution mentors.

(b) DEFINITIONS.—In this section:

(1) COVERED MENTOR-PROTEGE PROGRAM.—The term ''covered mentor-protege program'' means a mentor-protege program established by the Secretary of the Treasury pursuant to section 45 of the Small Business Act (15 U.S.C. 657r).

(2) LARGE FINANCIAL INSTITUTION.—The term ''large financial institution'' means any entity—

(A) regulated by the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, or the National Credit Union Administration; and

(B) that has total consolidated assets greater than or equal to $50,000,000,000.

SEC. 12. CUSTODIAL DEPOSIT PROGRAM FOR COVERED MINORITY DEPOSITORY INSTITUTIONS AND IMPACT BANKS.

(a) IN GENERAL.—Not later than one year after the date of the enactment of this Act, the Secretary of the Treasury shall issue rules establishing a custodial deposit program under which a covered bank may receive deposits from a qualifying account.

(b) REQUIREMENTS.—In issuing rules under subsection (a), the Secretary of the Treasury shall—

(1) consult with the Federal banking agencies;

(2) ensure each covered bank participating in the program established under this section—

(A) has appropriate policies relating to management of assets, including measures to ensure the safety and soundness of each such covered bank; and

(B) is compliant with applicable law; and

(3) ensure, to the extent practicable that the rules do not conflict with goals described in section 308(a) of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (12 U.S.C. 1463 note).

(c) LIMITATIONS.—

(1) DEPOSITS.—With respect to the funds of an individual qualifying account, an entity may not deposit an amount greater than the insured amount in a single covered bank.

(2) TOTAL DEPOSITS.—The total amount of funds deposited in a covered bank under the custodial deposit program described under this section may not exceed the lesser of—

(A) 10 percent of the average amount of deposits held by such covered bank in the previous quarter; or

(B) $100,000,000 (as adjusted for inflation).

(d) REPORT.—Each quarter, the Secretary of the Treasury shall submit to Congress a report on the implementation of the program established under this section including information identifying participating covered

banks and the total amount of deposits received by covered banks under the program.

(e) DEFINITIONS.—In this section:

(1) COVERED BANK.—The term ''covered bank'' means—

(A) a minority depository institution that is well capitalized, as defined by the appropriate Federal banking agency; or

(B) a depository institution designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act that is well capitalized, as defined by the appropriate Federal banking agency.

(2) INSURED AMOUNT.—The term ''insured amount'' means the amount that is the greater of—

(A) the standard maximum deposit insurance amount (as defined in section 11(a)(1)(E) of the Federal Deposit Insurance Act (12 U.S.C. 1821(a)(1)(E))); or

(B) such higher amount negotiated between the Secretary of the Treasury and the Federal Deposit Insurance Corporation under which the Corporation will insure all deposits of such higher amount.

(3) FEDERAL BANKING AGENCIES.—The terms ''appropriate Federal banking agency'' and ''Federal banking agencies'' have the meaning given those terms, respectively, under section 3 of the Federal Deposit Insurance Act.

(4) QUALIFYING ACCOUNT.—The term ''qualifying account'' means any account established in the Department of the Treasury that—

(A) is controlled by the Secretary; and

(B) is expected to maintain a balance greater than $200,000,000 for the following 24-month period.

SEC. 13. STREAMLINED COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION APPLICATIONS AND REPORTING.

(a) APPLICATION PROCESSES.—Not later than 12 months after the date of the enactment of this Act and with respect to any person having assets under $3,000,000,000 that submits an application for deposit insurance with the Federal Deposit Insurance Corporation that could also become a community development financial institution, the Federal Deposit Insurance Corporation, in consultation with the Administrator of the Community Development Financial Institutions Fund, shall—

(1) develop systems and procedures to record necessary information to allow the Administrator to conduct preliminary analysis for such person to also become a community development financial institution; and

(2) develop procedures to streamline the application and annual certification processes and to reduce costs for such person to become, and maintain certification as, a community development financial institution.

(b) IMPLEMENTATION REPORT.—Not later than 18 months after the date of the enactment of this Act, the Federal Deposit Insurance Corporation shall submit to Congress a report describing the systems and procedures required under subsection (a).

(c) ANNUAL REPORT.—

(1) IN GENERAL.—Section 17(a)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1827(a)(1)) is amended—

(A) in subparagraph (E), by striking ''and'' at the end;

(B) by redesignating subparagraph (F) as subparagraph (G);

(C) by inserting after subparagraph (E) the following new subparagraph:

''(F) applicants for deposit insurance that could also become a community development financial institution (as defined in section 103 of the Riegle Community Development and Regulatory Improvement Act of 1994), a minority depository institution (as defined in section 308 of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989), or an impact bank (as designated pursuant to section 5 of the Ensuring Diversity in Community Banking Act); and''.

(2) APPLICATION.—The amendment made by this subsection shall apply with respect to the first report to be submitted after the date that is 2 years after the date of the enactment of this Act.

SEC. 14. TASK FORCE ON LENDING TO SMALL BUSINESS CONCERNS.

(a) IN GENERAL.—Not later than 6 months after the date of the enactment of this Act, the Administrator of the Small Business Administration shall establish a task force to examine methods for improving relationships between the Small Business Administration and community development financial institutions, minority depository institutions, and Impact Banks to increase the volume of loans provided by such institutions to small business concerns (as defined under section 3 of the Small Business Act (15 U.S.C. 632)).

(b) REPORT TO CONGRESS.—Not later than 18 months after the establishment of the task force described in subsection (a), the Administrator of the Small Business Administration shall submit to Congress a report on the findings of such task force.

SEC. 15. DISCRETIONARY SURPLUS FUNDS.

(a) IN GENERAL.—Subparagraph (A) of section 7(a)(3) of the Federal Reserve Act (12 U.S.C. 289(a)(3)(A)) is amended by reducing the dollar figure described in such subparagraph by $1,400,000,000.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on September 30, 2030.

SEC. 16. DETERMINATION OF BUDGETARY EFFECTS.

The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled ''Budgetary Effects of PAYGO Legislation'' for this Act, submitted for printing in the Congressional Record by the Chairman of the House Budget Committee, provided that such statement has been submitted prior to the vote on passage.

The SPEAKER pro tempore (Mr. BEYER). Pursuant to the rule, the gentleman from California (Mr. SHERMAN) and the gentleman from South Carolina (Mr. TIMMONS) each will control 20 minutes.

The Chair recognizes the gentleman from California.

GENERAL LEAVE

Mr. SHERMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SHERMAN. Mr. Speaker, I yield myself such time as I may consume.

I rise in strong support of H.R. 5322, the Ensuring Diversity in Community Banking Act of 2019. I would like to thank Mr. MEEKS, the chairman of the Consumer Protection and Financial Institutions Subcommittee for his leadership on this important issue.

For over 22 years I have worked and watched Mr. MEEKS as he has devoted prodigious quantities of his time and his considerable talents to the matters of the Financial Services Committee, and H.R. 5322 reflects that kind of skill and effort.

The Financial Services Committee under the chairmanship of Ms. WATERS and Chairman MEEKS of the subcommittee have prioritized examining the important role of minority depository institutions, MDIs, and the role they play in our financial system, and we have worked on developing policies to support their efforts.

Over the course of a series of hearings in this Congress, the committee has engaged with bank and credit union CEOs, with consumer groups, with experts and regulators all about how Congress can help or reverse the decline in our Nation's minority depository institutions, MDIs, particularly Black-owned banks.

This is important because the data shows that MDIs serve the credit needs of low-income areas and serve them well and that these areas have a high percentage of the unbanked and underbanked.

Unfortunately, these institutions have shrunk in numbers in recent years. The number peaked in 2008 at 215 MDI banks. Now that number is at just 143 MDI banks as of the second quarter of 2020, representing less than 3 percent of all FDIC-insured institutions.

In 2008 we had 41 Black-owned banks, and today we have 18. This calls for congressional action.

Furthermore, during this pandemic, low-income and minority communities have been hit the hardest. MDIs along with community development financial institutions, CDFIs, have delivered relief to these low-income communities during this pandemic. After Chairwoman WATERS and the other members of this committee fought hard to ensure that MDIs and CDFIs could participate in the Paycheck Protection Program, MDIs and CDFIs were able to provide some $16 billion of loans to over 220,000 small businesses and minority-owned businesses across the country.

But Congress must do more to support these institutions. Toward that end, H.R. 5322 provides a series of reforms that will preserve, grow, and encourage the chartering of new MDIs, as well as promote the effective engagement between MDIs and prudential regulators.

This bill will encourage investments in MDIs, in part by strengthening a minority bank deposit program so that Treasury deposits Federal funds, funds which it manages in MDIs, thus providing MDIs with more funds that they can then lend.

Furthermore, the bill encourages more partnerships between MDIs and large banks through the Department of Treasury's mentor-protege program, which should promote information sharing and more investments in MDIs.

The bill also creates a new category of small banks called ''impact banks'' that provide most of their lending to

low-income borrowers and would also benefit from some of the bill's provisions to ensure that we can do all we can to support low-income and minority communities.

We also appreciate the collaboration demonstrated by ranking member of the full committee Mr. MCHENRY and other committee Republicans, as this bill was voted out of the committee in December by a unanimous vote of 52–0.

This bill has broad support, including from the National Bankers Association, the Independent Community Bankers of America, the American Bankers Association, the Credit Union National Association, and the National Association of Federally-Insured Credit Unions.

Mr. Speaker, I urge Members to support H.R. 5322, and I reserve the balance of my time.

Mr. TIMMONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I thank the gentleman from New York for introducing this bill. He has worked in good faith with Republican Members over the past year to reach a bipartisan solution on this important issue.

The Financial Services Committee has held several hearings over the past year on the state of minority depository institutions, or MDIs, and community development financial institutions, or CDFIs.

Both MDIs and CDFIs provide critical services and support to their communities. Unfortunately, the number of these institutions has been declining at an alarming rate.

Burdensome regulations and a lack of access to capital have caused many of these MDIs to either consolidate or be forced to shut their doors for good. It is simply too hard for these smaller institutions to remain viable in the current environment.

The bill we are considering today promotes policies and establishes programs to support MDIs and CDFIs and the customers and communities they serve.

Importantly, the bill seeks to promote engagement in the Department of the Treasury's mentor-protege program to encourage collaboration between MDIs and institutions that act as financial agents for the Federal Government.

The bill also directs each of the Federal banking regulators to establish MDI advisory councils to ensure MDI voices are heard without weakening or duplicating current efforts.

The bill also allows banks to be designated as an impact bank. This allows any bank that serves a majority of low-income borrowers to be considered as an option to hold government deposits. This program will bolster the ability of banks to serve their communities.

Finally, the bill streamlines the application reporting requirements to become and remain a CDFI.

I appreciate the gentleman from New York for his willingness to work with committee Republicans so that we can bring a strong bipartisan bill to the floor that supports communities in need.

Mr. Speaker, I urge my colleagues to support this bill, and I reserve the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield 3 minutes to the gentleman from New York (Mr. MEEKS), the author of this legislation.

Mr. MEEKS. Mr. Speaker, I thank the gentleman for yielding. Let me just say how proud I am that the House is taking up my bill today, the Ensuring Diversity in Community Banking Act.

I am especially grateful for the support from Financial Services Chairwoman MAXINE WATERS and for her guidance and for working with me to make sure that we progress and move this bill.

I am likewise eternally grateful to Ranking Member MCHENRY, who worked with us very closely to make sure that this bill had true, strong bipartisan support. As a result, it passed the House Financial Services Committee unanimously. Without that partnership, this would not have happened.

So, I thank both the chair and the ranking member, and all the members of this committee, for doing this. This bill passed in committee unanimously and has gained the support of consumer advocacy groups, civil rights organizations, and the financial services industry. We tried to bring everybody together on this, and we did come up with a consensus bill.

Communities of color have borne a disproportionate burden of the COVID pandemic, as measured by the infection and mortality rates, as well as jobs lost and wealth destroyed. This pandemic and the economic crisis it triggered devastated communities that had yet to fully recover from the financial crisis of 2008.

Minority banks, credit unions, and community development financial institutions have remained the bright spot during this pandemic, given their focus of providing financial services to communities of color and low- and moderate-income communities. However, despite their success serving these communities, minority depository institutions have been disappearing at an alarming rate, leading to expanding banking deserts and a growing share of the population vulnerable to payday lenders and other predatory financial institutions.

To address this, this bill does the following:

Number one, minority depository institutions are smaller than their peers, pose no credible systemic risk, and focus overwhelmingly on underbanked communities of color, investing in homeownership and small business lending, helping to close the wealth gap. My bill makes it easier for MDIs that are also community development organizations to raise capital from private investors and directs the Federal Government to deposit funds that are fully insured with these institutions which can on-lend the money in communities that need it.

Number two, the bill calls on regulators to take greater ownership of their own failings in the area of diversity by auditing the diversity of the bank examiner corps, publishing the data, and considering how their own lack of diversity and lack of special training harms their effectiveness.

Number three, the bill establishes a new impact bank designation for those institutions that lend primarily to low-income communities and provides these banks access to the deposits programs established by this bill.

Number four, the bill also calls on the Congress to continue supporting the CDFI Fund of the Treasury Department.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. SHERMAN. Mr. Speaker, I yield an additional 1 minute to the gentleman from New York.

Mr. MEEKS. Mr. Speaker, the CDFI Fund leverages limited government funding to crowd-in significant private sector capital and foster innovation, investments, and market-oriented solutions to tackle some of our Nation's most persistent challenges in poverty alleviation. This program has earned strong bipartisan support historically and proven itself immensely valuable during this pandemic.

Let me also say that what this does is it also helps our small businesses in the communities and helps create wealth in communities where it is not. With the homeownership aspect, it encourages individuals to buy, to own the home and to rent the car because the home becomes an appreciating asset and the car the depreciating asset. It brings us all together so we can enjoy what has become the American Dream.

Let me close by once again thanking my colleagues for their bipartisan support for this important legislation. I thank all of my colleagues for working together to make this a better place, and I urge all of my colleagues to vote in support of this bill.

Mr. TIMMONS. Mr. Speaker, I urge my colleagues to support H.R. 5322, and I yield back the balance of my time.

Mr. SHERMAN. Mr. Speaker, I yield myself the balance of my time.

MDIs face several challenges, including the ability to raise capital despite overall strong financial performance. They face challenges experienced as a result of servicing communities that are often first and hardest hit by economic downcycles. This decline is contributing to a growing incidence of banking deserts in minority communities.

This bill will help turn this dangerous tide so that individuals in more ZIP Codes will have access to safe banking.

I again thank Mr. MEEKS for authoring this legislation and for all of his dedication to the Financial Services Committee. I also thank Chairwoman

WATERS and Ranking Member MCHENRY and the other members of the committee.

Mr. Speaker, I urge Members to support H.R. 5322, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. SHERMAN) that the House suspend the rules and pass the bill, H.R. 5322, as amended.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

□ 1615

UNIFORM TREATMENT OF NRSROS ACT

Mr. SHERMAN. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 6934) to amend the CARES Act to require the uniform treatment of nationally recognized statistical rating organizations under certain programs carried out in response to the COVID–19 emergency, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6934

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Uniform Treatment of NRSROs Act''.

SEC. 2. UNIFORM TREATMENT OF NRSROS.

(a) IN GENERAL.—Section 4003 of the CARES Act (15 U.S.C. 9042), as amended by section 902, is further amended by adding at the end the following:

''(m) UNIFORM TREATMENT OF NRSROS.—

''(1) IN GENERAL.—If, in carrying out this section or any other program making use of a facility established under section 13(3) of the Federal Reserve Act in response to the COVID–19 emergency, the Secretary of the Treasury or the Board of Governors of the Federal Reserve System establishes a requirement for an entity, security, or other instrument to carry a minimum credit rating, the Secretary or the Board of Governors shall accept credit ratings provided by any nationally recognized statistical rating organization with respect to such entity, security, or other instrument, if the nationally recognized statistical rating organization is registered with the Securities and Exchange Commission to issue credit ratings with respect to the applicable asset class of the entity, security, or other instrument.

''(2) EXCEPTION.—

''(A) IN GENERAL.—The Secretary or the Board of Governors may exclude a nationally recognized statistical rating organization from the application of paragraph (1) if, in consultation with the Securities and Exchange Commission, the Secretary or Board of Governors, as applicable, determines that the nationally recognized statistical rating organization is unable to provide reliable and accurate ratings for a particular asset class and that such exclusion is in the public interest.

''(B) REPORT.—If the Secretary or the Board of Governors excludes a nationally recognized statistical rating organization from the application of paragraph (1) pursuant to subparagraph (A), the Secretary or Board of Governors, as applicable, shall, as soon as practicable after such exclusion, disclose to the public the reasoning for such exclusion.

''(3) NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION.—In this subsection, the term 'nationally recognized statistical rating organization' has the meaning given that term under section 3 of the Securities Exchange Act of 1934 (15 U.S.C. 78c).''.

(b) GAO STUDY.—

(1) STUDY.—The Comptroller General of the United States shall carry out a study on—

(A) the quality of credit ratings across nationally recognized statistical ratings organizations (as defined under section 3 of the Securities Exchange Act of 1934), including during the 2008 economic crisis;

(B) the effect of competition on the quality of credit ratings and on the ability of small- and mid-size companies and financial institutions to access the capital markets; and

(C) the implementation of the amendment made by subsection (a).

(2) REPORT.—Not later than one year after the date of enactment of this Act, the Comptroller General shall issue a report to the Congress containing all finding and determinations made in carrying out the study required under paragraph (1).

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from California (Mr. SHERMAN) and the gentleman from South Carolina (Mr. TIMMONS) each will control 20 minutes.

The Chair recognizes the gentleman from California.

GENERAL LEAVE

Mr. SHERMAN. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days within which to revise and extend their remarks on this legislation and to insert extraneous material thereon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. SHERMAN. Mr. Speaker, I yield myself as much time as I may consume.

Mr. Speaker, I rise in support of H.R. 6934, the Uniform Treatment of NRSROs, which is sponsored by Congresswoman DEAN from Pennsylvania.

This important legislation from Congresswoman DEAN will ensure that qualified issuers have fair access to lending facilities, and it will ensure that these facilities are granted on clear terms.

This is not a time where agencies such as the Federal Reserve should just make it up as they go along, especially when these policies disproportionately harm small and mid-sized companies. Thus, my colleague, Ms. DEAN, introduced, and I was pleased to cosponsor, legislation to provide clarity in the lending process by ensuring that nationally recognized statistical rating organizations, also referred to as NRSROs, are treated uniformly.

More specifically, the Federal Reserve and Treasury often require a credit rating to apply for participation in a lending facility. When there is such a requirement, the Federal Reserve has, at times, required that the rating be issued by a specific credit rating agency or has required that the rating be from a specific category of NRSROs, such as the so-called major NRSROs.

Often, these categories are self-created by the Federal Reserve and have been undefined and unclear to issuers. These requirements act as an obstacle between issuers and these lending facilities. This clearly was not Congress' intent, as it goes against Dodd-Frank, which mandates that we foster competition among NRSROs rather than trying to make sure that companies rely only on an oligarchy of three NRSROs.

As chair of the Subcommittee on Investor Protection, Entrepreneurship, and Capital Markets, I am quite familiar with the work that has been done in the last decade to end overreliance on the big three credit agencies, which led us into the 2008 crisis. It is those big three that gave AAA ratings to Alt-A lendings, which I believe is what caused the 2008 crisis.

Decisions by the Fed and Treasury with respect to many lending facilities have threatened to undo our work to try to diversify the availability of different NRSROs.

H.R. 6934, which is limited to facilities which have been stood up in response to the COVID–19 pandemic, will set clear credit rating standards for both the Federal Reserve and its issuers. It also clarifies Congress' intent and will ensure that its legislative objectives are carried out at the agency level.

Most importantly, however, the legislation will result in more issuers having access to these lending facilities, an important objective during this pandemic and economic downturn, while it will still ensure that there are standards in effect that will adequately protect the facility and the interests of the taxpayer.

Mr. Speaker, I greatly appreciate Congresswoman DEAN's leadership in bringing forth this important legislation, and I reserve the balance of my time.

Mr. TIMMONS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I would like to thank the gentlewoman from Pennsylvania (Ms. DEAN) for introducing this bipartisan bill.

Since the early days of the pandemic, the Federal Reserve has acted swiftly to ensure liquidity is available to companies of all sizes across the country. The emergency facilities support businesses and, in turn, their workers and customers.

The committee has continually called for a broad-based approach to aid our businesses and communities throughout this economic crisis. H.R. 6934 simply encourages the Federal Reserve to include companies that have credit ratings from all SEC-registered and supervised NRSROs as participants in its emergency facilities.

Though the Federal Reserve revised some of the requirements for companies with credit ratings from smaller